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Approved For Release 2004/12/01 : CIA-RDP79M00062A000600010002-2



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

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OMB Declassification/Release Instructions on File

APR 24 1975

Mr. Fisher Howe
Deputy Executive Director
Commission on the Organization of
the Government for the Conduct
of Foreign Policy
2025 M. Street, N. W.
Washington, D. C. 20506

Dear Fisher:

We are pleased at the opportunity to review the Commission's draft report entitled "An Historical Review of Studies of the Intelligence Community" as it pertains to the 1971 OMB study on reorganization of the Intelligence Community. On the whole, contact with your staff was most satisfactory.

However, as you know, we requested that the Commission's access to this document be limited to secure OMB offices with the understanding that OMB reserved the right to review the finished product for sensitivity and accuracy. The Commission was given access to the complete study, including the detailed appendices which support and elaborate on the recommendations of the '71 study. The appendices, which were an integral part of the OMB study but never released to the Intelligence Community, were unfortunately not considered in the preparation of the Commission's draft report. As a consequence, serious misrepresentation has occurred in the treatment of the OMB study. The discrepancies have already been discussed orally with you and your staff, and we are formally transmitting our comments on the report in the attachment.

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In preparing the revised draft of this Commission report, we trust the inaccuracies noted in the attachment will be corrected through appropriate changes. In addition, we request that the following qualifying statement be placed in the summary of the OMB study (Annex O): "The summary of this study, presented below, and the comments on the study made elsewhere in this presentation are based solely upon an examination of the overview paper and do not include consideration of the detailed appendices."

Sincerely,



Edward B. Strait
Acting Deputy Associate Director
International Affairs Division

Enclosure

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Comments on the Treatment of the 1971 OMB Study

Preface, p. ii: "Long-range resources planning was advocated repeatedly in many reports. It is still in the earliest stages of development and was not singled out as a specific task for the DCI by the President's Directive of 1971."

The President's directive specifically charged the DCI with planning. "I am directing the Director of Central Intelligence to assume leadership of the Community in planning, reviewing, coordinating, and evaluating all intelligence programs and activities, and in the production of national intelligence." The directive stated further that the DCI "Will thus assume four major responsibilities" -- the first of which was "Planning and reviewing all intelligence activities and the allocation of all intelligence resources." The responsibilities for planning were not confined to short-range planning but included all time-phased planning.

P. A6: "The President's directive in November 1971 in selecting Schlesinger's second option - a DCI with the same as his existing authorities - implicitly rejects the separation of the DCI from CIA." And, pp. 4-5, Appendix O: "The DCI's role is much as it is at present The reform /Option 2/ could be accomplished without legislative change"

A reading of the study and the appendices indicates that these statements concerning the second Community leadership option are incorrect. The President did not choose Option 2 in November 1971. An integral part of that option was the splitting of the DCI from the collection responsibilities of CIA, which would have required the submission to Congress of a reorganization plan and, hence, legislative review. Since legislative review was not desired, as indicated in the November directive, Option 2 was not chosen.

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Yet, the President did indicate in the directive that the DCI should separate himself as much as possible from day-to-day CIA operations; thus explicitly accepting the concept of separation while modifying it by the no-legislation ground rule.

P. A9: "The Schlesinger Report was quite emphatic in describing the USIB as ineffective, After noting these deficiencies, the Schlesinger Report merely noted, without any specific proposals, the possible need to restructure the Board or perhaps to provide consumer representation in community discussions."

The President's directive provided for a major change in the authorities of USIB. The USIB ceased to be a body of equals driven by the need for consensus and was given the role to "advise and assist" the DCI with regard to his responsibilities. Specifically, the DCI was directed to revise all DCIDs to conform to this major change in USIB functions.

P. A12: "The Schlesinger Report in 1971, for all the range of its coverage, virtually ignored the matter of ExCom and overhead reconnaissance"

In support of the recommendation in the overview paper, a detailed analysis of the structure of the NRP, its relationship to other intelligence programs, and various options for reorganization with cost implications was prepared.

P. B6: "The Schlesinger Report in 1971 merely noted the disarray in Defense management where NSA was unable to control the SCA's to develop a coherent SIGINT program and recommended establishing NSA as a truly national cryptologic service, consolidating the SCA's and saving [] in one year alone."

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To support the brief mention of NSA's role and the recommendation in the overview paper, a lengthy and detailed analysis of the history and current organizational structure of U. S. COMINT and ELINT activities, the nature of SIGINT, possible organizational changes, and the cost implications of organizational changes were included as an appendix.

P. H4: "The Schlesinger Report only noted that the transfer of Defense clandestine operations to CIA could yield a savings of [] in 1972 and around [] by 1975."

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In addition to considering the nature of HUMINT operations, the analysis of this subject in a detailed appendix posed two alternatives to the then-current organizational arrangement for HUMINT and suggested further areas of study beyond the short-range recommendations.

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